

## Message Text

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ORIGIN PM-03

INFO OCT-01 ARA-06 ISO-00 TRSE-00 DODE-00 ABF-01 L-03 SS-15

IGA-01 CIAE-00 INR-07 NSAE-00 OMB-01 AID-05 /043 R

DRAFTED BY 7/1/75:EXT.23876

APPROVED BY PM:TSTERN

TREASURY - MR. BASHAR

DOD/DSAA - MR. DENNEHY (INFO)

M/FRM - MR. MANION

L/PM - MR. MICHEL

ARA/LA/PLC - MR. WILLIAMS

ARA/BC - MR. DRISCOLL

----- 016166

R 011922Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO

INFO USCINCSO

C O N F I D E N T I A L STATE 155238

E.O. 11652: GDS

TAGS: MASS, AFIN, ABUD, CI, US

SUBJECT: SECTION 514 TEN PERCENT DEPOSIT REQUIREMENT

REF: A) SANTIAGO 3925 B) SANTIAGO 3265 C) SANTIAGO 1476

1. REGARDING EMBASSY PROPOSAL RAISED REFTEL C THAT WE FORGIVE GOC DEBT OWED UNDER SECTION 514, WE CANNOT AUTHORIZE SUCH STEP. WHILE SECTION 514 HAS BEEN TERMINATED, THE CONGRESS IN TERMINATING THAT SECTION EFFECTIVE DECEMBER 31, 1973, CLEARLY EXPRESSED INTENT THAT ALL EXISTING DEBTS ACCRUED PRIOR TO JANUARY 1, 1974 BE COLLECTED. WE HAVE INFORMED THE GAO IN RESPONSE TO OCCASIONAL ENQUIRIES THAT WE ARE CONTINUING EFFORTS TO COLLECT THESE DEBTS. THE DEPARTMENT OF THE TREASURY WHICH IS RESPONSIBLE FOR THE POSTING AND REPORTING OF SECTION 514 COLLECTIONS SHARES OUR VIEW (AS DOES DOD) THAT THE USG IS RESPONSIBLE FOR MAKING EVERY EFFORT TO COLLECT THESE DEBTS WHICH EACH RECIPIENT AGREED IN AN EXCHANGE OF DIPLOMATIC  
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NOTES TO PAY. WE FULLY UNDERSTAND DELICATE SITUATION

CAUSED BY CONGRESSIONALLY-IMPOSED RESTRICTIONS ON MILITARY ASSISTANCE AND SALES TO CHILE, BUT THAT SITUATION DOES NOT ALTER OUR STATUTORY RESPONSIBILITY ON TEN PERCENT DEPOSIT REQUIREMENT.

2. DEPARTMENT UNDERSTANDS THAT RETURNED CHILEAN AIR FORCE CHECK FOR \$16,691.67 IS SUBJECT OF CONTINUING CORRESPONDENCE BETWEEN TREASURY AND EMBASSY, AND THAT MOST RECENT

EXCHANGE WAS LETTER DATED JUNE 20 FROM TREASURY TO EMBASSY DISBURSING OFFICER. WE PREFER FOR TIME BEING TO LEAVE RESOLUTION OF THAT QUESTION OPEN, PENDING OUTCOME OF THAT CORRESPONDENCE.

3. FOLLOWING TABLE OBTAINED FROM TREASURY SHOWS CURRENT STATUS OF GOC ACCOUNT UNDER SECTION 514:

| .....          | FY 72     | FY 73     | FY 74     | TOTAL      |
|----------------|-----------|-----------|-----------|------------|
| BILLED         | 16,100.00 | 97,200.00 | 74,000.00 | 187,300.00 |
| COLLECTED      | 5,636.81  | 97,200.00 | 23,716.92 | 126,553.73 |
| UNPAID BALANCE | 10,463.19 | -         | 50,283.08 | 60,746.27  |

AIR FORCE AND ARMY CHECKS PRESENTLY BEING HELD BY EMBASSY TOTAL \$40,704.18, AND, ASSUMING THAT ANY PROBLEMS WITH FORMER ARE RESOLVED, COLLECTION OF ADDITIONAL \$20,042.09 WOULD APPEAR TO CLOSE OUT ACCOUNT. INGERSOLL

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## Message Attributes

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